



Committee for Purchase from People
Who are Blind and Severely Disabled.
Jefferson Plaza 2, Suite 10800
1421 Jefferson Davis Highway
Arlington, Virginia 22202-3259

January 30, 2005

On behalf of Industries for the Blind Inc, in Milwaukee, Wisconsin, I am pleased to submit comments on the proposed set of standards for Board Governance and Executive Compensation published in the Federal Register on November 10, 2004 by the Committee for Purchase from People Who are Blind and Severely Disabled.

As background, Milwaukee Industries for the Blind endorses and upholds the highest standards in its operations both from a best business practices standpoint and from an ethical and moral standpoint. Our mission of providing quality blind employment to visually impaired Americans currently follows all State and Federal guidelines for the operation of not for profit agencies. Our current Board consists of 15 dedicated Directors who are active and responsive in overseeing the complete operation of Industries for the blind both in Governance and in Compensation.

Further, we endorse the Committee's desire to avoid situations that would be detrimental to the JWOD program and the employment of people who are blind. In addition, our agency appreciates the past support that the Committee has given to Milwaukee in growing our business and providing new and better jobs to people who are blind. However, we believe that the Committee's proposed rule making is not appropriate and flawed, since it exceeds the legal authority, is procedurally inefficient and would evidentially lead to a weakened JWOD program that would result in reduced blind employment.

In addition, we believe that the proposed executive compensation limits go beyond the jurisdiction of the Committee, unfairly single out JWOD not for profit agencies, and would result in a reduction in Blind employment.

Rule Making and Governance

1. Questionable Legal Grounds

While, the JWOD Act gives the Committee the authority to make rules "necessary" to carrying out the purpose of employing Blind people, the proposed rules and limits on executive compensation are not "necessary" to the success of the JWOD Act and the employment of people who are blind. In fact, the proposed rules would result in less employment of people who are blind. The JWOD Act itself spells out the definitions and qualifications of a not for profit



Quality Blind-Made Products



agency to participate in the JWOD program. Congress gave no authority to the Committee for Purchase to create, change or alter these qualifications. Clearly, the new rule could deny right to participate in the JWOD program to agencies that would have otherwise qualified under the JWOD Act resulting in less blind employment.

In addition, the Committee is also incorrect when it certifies under Executive Order 12866 that the proposed rule making would not create inconsistencies with other agencies actions. Example, all Not for Profit agencies are regulated and administered by the IRS. The new rule making would be inconsistent with current IRS requirements and deadlines.

The Proposed rule making raises significant constitutional questions regarding the fundamental principles of equal protection. It appears to me that the Not for Profit agencies that participate in the JWOD program are being singled out and are being asked to certified under unprecedented rules and regulations not required of other Government vendors. Any regulation of board governance and compensation as a precondition to qualify as a source for the Federal Government is without precedent. The proposed rule making would result in added costs that result in higher prices, less business...and less employment of Blind people.

2. Rule making Inefficiencies

The proposed rule making would result in the duplication of information that is currently available to the Committee for Purchase. These new regulations would result in a dramatic increase in resources spent by the Central Not for Profit agencies, as well as the affected Not for Profit agency.

This is "in addition" to the significant resources that would be spent by the approximate 500 plus NPA's and CNA's for software, procedures and record keeping. Information is currently available from IRS records, Federal 990 forms, and other documents that NPA's are required to provide under current law. We would be happy to submit that same information directly to the Committee.

The result of the above inefficiencies and duplication of information currently available will result in added cost to our businesses, less competitive prices for our products and services, less business and eventually less employment of people who are Blind.

3. Loss of Blind Jobs

Under the Regulatory Flexibility Act Certification section you are incorrect in stating that these proposed rules will not have a significant impact on the smaller NPA's. In reality, there is a significant impact to agencies and the smaller agencies will be impacted the greatest. Many of these smaller agencies do not have financial resources or staff to dedicate towards record keeping and the new requirements. Addition of these resources will add cost to their business and make it even more difficult to secure new contracts and new business because of

uncompetitive pricing situations. The end result will be less blind jobs for that agency.

Again, information is currently available and there are alternatives to capture the information for the various sections of these proposed regulations. Example, Compensation information in detail is available through Federal form 990.

Executive Compensation

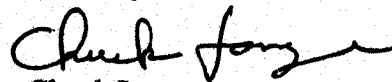
1. We believe that appropriate executive compensation levels must be set by the agencies own Board of Directors, and not by the Committee for Purchase. In establishing executive compensation levels one must consider the size of the JWOD agency, the strategic plans of the agency, the required skill sets for that particular agency, and the desired experience and performance of the JWOD agencies executive. As an example, an executive position in a smaller agency with a single product line and a culture of "status quo" will require less compensation than an agency that has multiple product lines, multiple businesses, and multiple locations. Agencies that market "cutting edge" technologies to create blind employment or agencies that have aggressive marketing will need to pay wages competitive with the private sector to attract qualified people to these larger more dynamic agencies. Failure to attract appropriate talent to lead these agencies will result in failure to meet financial goals and failure to provide growth in quality ongoing employment for people who are blind. We believe that only the Board of Directors of the JWOD agency can determine the executive qualifications and required compensation to attract the appropriate executive talent. The Committee has neither the means or the information to make these critical decisions.

Industries for the Blind Inc., Milwaukee, Wisconsin has a formal and active Compensation and Personnel Committee that reviews and sets all management salary levels including all Executive level positions.

2. According to the JWOD Act, there is no provision or authority granted to the Committee for Purchase to establish executive or management compensation levels. We believe that this is beyond the authority of the Committee. Further, establishing executive compensation levels is not "necessary" to carrying out the mission of the JWOD Act.
3. Executive Compensation levels for Federal vendors is not a criteria for doing business with the Federal Government. We assert that the proposed compensation guidelines unfairly single out JWOD agencies among all Federal vendors resulting in unequal rights and a disadvantage to the JWOD agency. The compensation limitations will, as mentioned above, result in less JWOD agency talent, and failure to secure new business opportunities and new jobs for people who are blind.

In conclusion, while the proposed rule making and agency governance may have good intentions, we believe that the rules go beyond the scope of the JWOD Act, and beyond the authority of the Committee for Purchase. The proposed rule making will result in agency inefficiencies, duplication of information already available to the Committee, and a reduction in the competitiveness of the JWOD Act, and a reduction in jobs for people who are blind.

Sincerely,

A handwritten signature in dark ink, appearing to read "Chuck Lange", with a stylized flourish at the end.

Chuck Lange
President & CEO

Cc: Jim Mallatt